



Interim Audit Report of the Audit Division on Kind for Congress Committee (January 1, 2013 - December 31, 2014)

Why the Audit Was Done

Federal law permits the Commission to conduct audits and field investigations of any political committee that is required to file reports under the Federal Election Campaign Act (the Act). The Commission generally conducts such audits when a committee appears not to have met the threshold requirements for substantial compliance with the Act.¹ The audit determines whether the committee complied with the limitations, prohibitions and disclosure requirements of the Act.

Future Action

The Commission may initiate an enforcement action, at a later time, with respect to the matter discussed in this report.

About the Campaign (p. 2)

Kind for Congress Committee is the principal campaign committee for Ronald Kind, Democratic candidate for the United States House of Representatives from the state of Wisconsin, 3rd Congressional District, and is headquartered in La Crosse, Wisconsin. For more information, see the Campaign Organization chart, p.2.

Financial Activity (p. 2)

• Receipts	
o Contributions from Individuals	\$ 602,932
o Contributions from Political Committees	1,564,507
o Offsets to Operating Expenditures	5,001
o Other Receipts	1,316
Total Receipts	\$ 2,173,756
• Disbursements	
o Operating Expenditures	\$ 1,180,511
Total Disbursements	\$ 1,180,511

Finding and Recommendation (p. 3)

- Untimely Deposit of Receipts

¹ 52 U.S.C. §30111(b).

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Part I

Background

Authority for Audit

This report is based on an audit of Kind for Congress Committee (KFCC), undertaken by the Audit Division of the Federal Election Commission (the Commission) in accordance with the Federal Election Campaign Act of 1971, as amended (the Act). The Audit Division conducted the audit pursuant to 52 U.S.C. §30111(b), which permits the Commission to conduct audits and field investigations of any political committee that is required to file a report under 52 U.S.C. §30104. Prior to conducting any audit under this subsection, the Commission must perform an internal review of reports filed by selected committees to determine if the reports filed by a particular committee meet the threshold requirements for substantial compliance with the Act. 52 U.S.C. §30111(b).

Scope of Audit

Following Commission-approved procedures, the Audit staff evaluated various risk factors and as a result, this audit examined:

1. the receipt of excessive contributions and loans;
2. the receipt of contributions from prohibited sources;
3. the disclosure of contributions received;
4. the disclosure of individual contributors' occupation and name of employer;
5. the consistency between reported figures and bank records;
6. the completeness of records; and
7. other committee operations necessary to the review.

Part II

Overview of Campaign

Campaign Organization

Important Dates	
• Date of Registration	January 30, 1996
• Audit Coverage	January 1, 2013 - December 31, 2014
Headquarters	
La Crosse, WI	
Bank Information	
• Bank Depositories	Seven
• Bank Accounts	One checking, Six savings
Treasurer	
• Treasurer When Audit Was Conducted	Brent Smith (February 10, 2016 - present) Charles Marx (January 30, 2009 - February 9, 2016)
• Treasurer During Period Covered by Audit	Charles Marx
Management Information	
• Attended Commission Campaign Finance Seminar	No
• Who Handled Accounting and Recordkeeping Tasks	Paid Staff

Overview of Financial Activity (Audited Amounts)

Cash-on-hand @ January 1, 2013	\$ 458,874
Receipts	
○ Contributions from Individuals	602,932
○ Contributions from Political Committees	1,564,507
○ Offsets to Operating Expenditures	5,001
○ Other Receipts	1,316
Total Receipts	\$ 2,173,756
Disbursements	
○ Operating Expenditures	1,180,511
Total Disbursements	\$ 1,180,511
Cash-on-hand @ December 31, 2014	\$ 1,452,119

Part III Summary

Finding and Recommendation

Untimely Deposit of Receipts

During audit fieldwork, a review of contributions from political committees determined that KFCC failed to deposit, within 10 days of receipt, contributions totaling \$581,719 received during the 2014 election cycle. The Audit staff recommends that KFCC provide evidence demonstrating that the contributions in question were deposited timely or submit any comments it deems relevant to this matter. (For more detail, see p. 4.)

Part IV

Finding and Recommendation

Untimely Deposit of Receipts

Summary

During audit fieldwork, a review of contributions from political committees determined that KFCC failed to deposit, within 10 days of receipt, contributions totaling \$581,719 received during the 2014 election cycle. The Audit staff recommends that KFCC provide evidence demonstrating that the contributions in question were deposited timely or submit any comments it deems relevant to this matter.

Legal Standard

Timing of Deposits. A treasurer of a political committee is responsible for making deposits of contributions. These deposits must be made within 10 days of the receipt of the contribution. 11 CFR §103.3(a).

Receipt of Contributions. Every person who receives a contribution in excess of \$50 for a political committee which is an authorized committee shall, no later than 10 days after receipt of the contribution, forward to the treasurer of the committee: The contribution, the name and address of the contributor; and the date of receipt of the contribution. If the amount of the contribution is in excess of \$200, such person shall forward the contribution, the identification of the contributor in accordance with 11 CFR 100.12, and the date of receipt of the contribution. Date of receipt shall be the date such person obtains possession of the contribution. 52 U.S.C. §30102(b)(1) and 11 CFR §102.8(a).

Facts and Analysis

A. Facts

During audit fieldwork, the Audit staff utilized a combination of sample testing and focused reviews to identify untimely deposit of contributions received from political committees. The sample testing and focused reviews identified untimely deposit errors totaling \$581,719.² This amount represents approximately 37% of all contributions from political committees. On average, the time between receipt and deposit of these contributions was 26 days, ranging from 14 to 100 days.

During this review, the Audit staff inquired about the receipt date utilized by KFCC in its disclosure reports. A KFCC representative responsible for the daily input of its contributions informed the Audit staff, on more than one occasion, that the receipt date

² The sample error amount was projected using a Monetary Unit Sample with a 95 percent confidence level plus the result of a focused review of contributions not included in the sample population. The sample estimate could be as low as \$492,045 and as high as \$625,394.

reported in its FEC disclosure filings was the date the contribution was received by KFCC. Based on this affirmation, the Audit staff used the date of receipt provided in KFCC's receipts database (which also was the date of receipt in its FEC disclosure reports) to determine the number of days until deposit.

However, because KFCC representatives later expressed some uncertainty about the actual dates of receipt (see discussion below), the Audit staff revised its calculation and used the date of the contributor check plus three days for mailing as the date of receipt in determining the number of days from receipt of the contributor check to its deposit.³

B. Interim Audit Report & Audit Division Recommendation

The Audit staff discussed this matter with KFCC representatives during the exit conference at the conclusion of fieldwork, and provided work papers detailing the untimely deposited contributions. The representatives stated that the contributions from political committees were received by a representative in Washington, D.C. and mailed to their Wisconsin office for deposit.⁴ According to the representatives, the mail delivery from Washington, D.C. to its office in Wisconsin sometimes took up to 10 days. As a result, KFCC was not able to timely deposit these contributions. Furthermore, the representatives stated that they were uncertain of the actual date of receipt of these contributions and they questioned whether it should be the date the contributions were received in Washington, D.C. or La Crosse, Wisconsin. They added that, in the future, they would look at various ways to ensure its contributions would be timely deposited. The Audit staff suggested that the representative in Washington, D.C. make the deposits since KFCC utilized a national bank with many locations within the city. Then, the representative could email a list of the contributions to KFCC for reporting purposes, etc. The Audit staff also suggested the use of express shipping to reduce the mail delivery time to Wisconsin. The representatives said they would consider these options. No additional information was provided in KFCC's response to the exit conference.

In accordance with 11 CFR §102.8(a), the date of receipt is the day the KFCC representative in Washington, D.C. obtains possession of the contribution. Therefore, KFCC must ensure that its deposit is made within 10 days of receiving the contribution in Washington, D.C. to comply with the requirements of 11 CFR §103.3(a).

The Audit staff recommends that, within 30 calendar days of service of this report, KFCC provide evidence demonstrating that the contributions in question were deposited timely or submit any additional comments relevant to this matter.

³ This method of determining a receipt date is utilized by the Audit staff when the actual receipt date is unknown. There was a minor decrease in the error total using this method.

⁴ Contributions from individuals were usually mailed directly to the KFCC office in Lacrosse, WI.